

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 93-503-C - ORDER NO. 94-486 ✓

MAY 26, 1994

IN RE: Review of the Earnings, Rate)	ORDER GRANTING MOTION
of Return, and Rates of)	TO CONSOLIDATE AND
Southern Bell Telephone and)	RULING ON PETITION
Telegraph Company.)	TO REINSTATE

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Motion to Consolidate Proceedings and Petition to Reinstate Incentive Regulation as filed by Southern Bell Telephone and Telegraph Company (Southern Bell or the Company). Southern Bell has moved to consolidate this docket with the consideration of incentive regulation as contemplated by the Petition to Reinstate Incentive Regulation filed by it. On August 20, 1991, in Docket No. 90-626-C, this Commission issued Order No. 91-595, approving an Incentive Regulation Plan filed by Southern Bell as being in the public interest of the citizens of South Carolina. The plan was to remain in effect for a period of three (3) years from January 1, 1992 until December 31, 1994. On August 9, 1993, the South Carolina Supreme Court declared that the Commission lacked the statutory authority to approve Incentive Regulation Plans, including the Southern Bell plan. As a result of the Supreme Court opinion, the Commission, on August 12, 1993, instituted this Docket to review the earnings of Southern Bell. Southern Bell states its belief that it is appropriate to consolidate this earnings docket with consideration of a Company

Incentive Regulation Plan. Southern Bell believes that the origin of this docket is inextricably linked to the reversal by the Supreme Court of the Commission's original approval of Incentive Regulation in South Carolina. Furthermore, the year 1992, which was the year for which the earnings of Southern Bell being reviewed herein remains the first and only year in which Southern Bell operated under incentive regulation in South Carolina. For these reasons, Southern Bell moves that the Petition to Reinstate its Incentive Regulation Plan be consolidated with any proceeding in this docket.

The Commission has considered this matter and believes that the Company makes the correct statement that the origin of this docket is inextricably linked to the reversal by the Supreme Court of the Commission's original approval of Incentive Regulation in South Carolina. Therefore, the Commission believes that it is appropriate to consolidate this earnings docket with consideration of any Company Incentive Regulation Plan, be it reinstatement of the old plan, or initiation of a new one. There are multiple issues in common under both the earnings docket and consideration of Incentive Regulation. Therefore, the Commission believes that the Motion to Consolidate the Proceedings should be granted, in so far as the Company is asking for consolidation of this earnings docket, and Commission consideration of an Incentive Regulation Plan for Southern Bell. The Commission would note, however, that it may take further action concerning this Motion in the future, including, but not limited to, severance of the issues if appropriate.

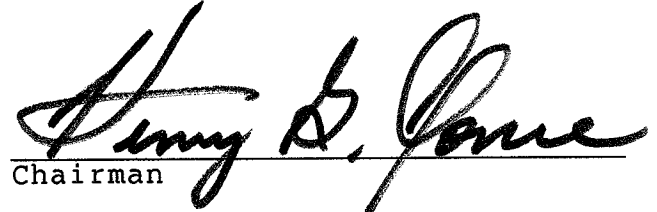
With regard to the Company's Petition to Reinstate Incentive Regulation, the Commission believes, as was stated previously, that it is appropriate to consider incentive regulation for Southern Bell in some form in the consolidated proceeding. The Commission hereby puts all parties on notice that the Commission considers the Company's Petition to be an application for the establishment of an Incentive Regulation Plan under the auspices of the new legislation signed by Governor Campbell on April 12, 1994, and that the Company must prove all the elements set forth in that new law before this Commission will allow it to once again operate under an Incentive Regulation Plan. We believe that the Commission must consider any Incentive Regulation Plan for the Company in light of the new law. Whether the resultant Plan will be that previously established by this Commission, or an entirely new plan remains to be determined by this Commission only after full consideration of the evidence in this matter. Therefore, in this sense, although we consider the Petition to be an application for Incentive Regulation, we hold a determination of what that resultant plan will be in abeyance until after our consideration of the evidence.

IT IS THEREFORE ORDERED THAT:

1. The Motion to Consolidate Proceedings is hereby granted, however, the Commission reserves the right to take further action concerning this Motion in the future, including, but not limited to severance of the issues.
2. The Petition to Reinstate Incentive Regulation is hereby held in abeyance.

3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)